



**INFORMATION
GUIDE**

**AGRICULTURAL LAND
AND
HORTICULTURAL
LAND VALUATION**

How is agricultural land valued?

By statute, agricultural land and horticultural land shall be valued at 75% of its actual value for property tax purposes.

Actual value of real property for purpose of taxation means the market value of real property in the ordinary course of trade. The actual value of a parcel of real property is the most probable price expressed in terms of money that a property will bring if exposed for sale in the open market, or in an arm's length transaction, between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which the real property is adapted and for which the real property is capable of being used.

Assessors generally use professionally accepted mass appraisal techniques, including, but not limited to: sales approach; income approach, and cost approach. The cost approach is inapplicable to agricultural land.

For more information, see Real Property Assessment Process Information Guide

Definition of agricultural land and horticultural land:

Agricultural land and horticultural land shall mean a parcel of land which is primarily used for agricultural or horticultural purposes, including wasteland lying in or adjacent to and in common ownership or management with other agricultural and horticultural land.

Definition of agricultural or horticultural purposes:

Agricultural or horticultural purposes means used for the commercial production of any plant or animal product in a raw or unprocessed state that is derived from the science and art of agriculture, aquaculture, or horticulture. Agricultural or horticultural purposes include the following uses of land:

- ◆ Land retained or protected for future agricultural or horticultural uses under a conservation easement as provided in the Conservation and Preservation Easements Act shall be defined as agricultural land or horticultural land.
- ◆ Land enrolled in a federal or state program in which payments are received for removing such land from agricultural or horticultural production shall be defined as agricultural land or horticultural land.

Definition of a farm site:

Farm site shall mean land that is contiguous to agricultural or horticultural land and contains improvements that are agricultural or horticultural in nature. Uninhabitable or unimproved farm home sites are included. This land shall not be classified as agricultural or horticultural land and shall not include a home site.

Definition of farm home site:

Farm home site shall be one acre or less of land contiguous to a farm site which includes a residence and necessary improvements needed for residential purposes. This land shall not be classified as agricultural or horticultural land.

Definition of a home site:

Home site shall mean land within a parcel which is used or intended to be used for residential purposes.

What is the assessment date for agricultural land?

All property in this state, which is subject to taxation, must be valued as of January 1, 12:01 a.m., of each year.

What are land capability groups?

A land capability group is a grouping of various soils according to their limitations for field crops, the risk of damage if they are used for crops, and the way they respond to average management. A land capability group is determined for each kind of soil and its current land use.

Why are land capability groups used?

Grouping and inventorying soils by land capability groups creates a uniform classification system.

How are non-agricultural use structures valued?

Non-agricultural use structures shall be assessed at 100% of actual value.

What is the assessment process?

Between January 1 and March 19 of each year, the assessor updates and revises the real property assessment roll.

After March 19 and on or before June 1, the assessor shall implement adjustments to real property values for actions of the Tax Equalization and Review Commission.

On or before June 1, the assessor shall notify by first class mail, the owner of record as of May 20 of every item of real property that has been assessed at a value different than in the previous year.

Immediately upon completion of the assessment roll, the assessor shall publish a certification in a newspaper of general circulation that the real property assessment roll is complete and notices of valuation changes have been mailed and provide the final date for filing protests with the county board of equalization.

How is property equalized?

The Tax Equalization and Review Commission has the responsibility to annually equalize the value of all real property. The Commission has the authority to raise or lower by a percentage the valuation of a class of subclass of real property in any county or tax district for the purpose of achieving intercounty equalization. All equalization actions must be completed by August 10.

The county boards of equalization have the duty to equalize the valuation of individual parcels of real property in their county. A county board of equalization may petition the Tax Equalization and Review commission to consider an adjustment to a class or subclass of real property within the county.

What is equalization?

Equalization is the commonly used expression for the requirement contained in the Nebraska Constitution that property must be valued uniformly and proportionately. It means that property owners have a right to have their property valued at the same relative standard when compared to actual or market value. It does not mean that all property in a class or subclass is to be valued at the same dollar amount. For example, if similar houses are valued at 100% of their market value, based on data available to the assessor, they are "equalized", even if their valuations are not the same dollar amount. This recognizes that a variety of factors, such as location, could cause very similar properties to have different market values, based on the actions of buyers and sellers. For agricultural property, required to be assessed at 75% of market value, if the data available to the assessor indicates that property of the same class has a fair market value of \$1,000.00 per acre in one part of the county and \$500.00 in another part of the county, the correct valuations for those properties would be \$750.00 per acre and \$375.00 per acre respectively. Although not valued at the same dollar amount, these properties are equalized because they are both assessed at the same standard: 75% of fair market value

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